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SENSITIVE

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SUBJECT: GERMANY'S NEW DEVELOPMENT MINISTER CONNECTS  
DEVELOPMENT WITH SECURITY POLICY

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**¶1.** (SBU) SUMMARY: Dirk Niebel (FDP) was an odd pick as Germany's new Development Minister -- he had no experience in international development, and had previously suggested abolishing the Development Ministry. Now in charge, Niebel has big shoes to fill, following on the heels of Heidemarie Wieczorek-Zeul (SPD). Important differences with his predecessor are already apparent: he would like to integrate Germany's development policy more closely with its foreign and security policy, including in Afghanistan. Niebel is also a firm believer in free markets, and sees a successful conclusion of the Doha Development Round as critical for developing countries. For Niebel, nothing is sacrosanct: he intends to phase out German aid to China, which he regards as no longer a developing country. With the ministry under new management, there may be additional opportunities for collaboration between the United States and Germany on development policy. END SUMMARY.

DIRK WHO?  
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**¶2.** (SBU) Dirk Niebel struck many as an unlikely choice for Development Minister in the coalition government of Chancellor Merkel's Christian Democratic Union (CDU)/Christian Social Union (CSU) and Guido Westerwelle's Free Democratic Party (FDP) (the "Black-Yellow" coalition). A Hamburg native, Niebel's previous work experience includes eight years as a paratrooper in the German armed forces, and five years as a placement officer at a job center in Heidelberg. In 1998, he was elected to the Bundestag (lower house of Parliament), where he became caucus spokesperson for labor market policy and a member of the Labor Committee. In 2005, FDP Chairman (and current Foreign Minister) Westerwelle tapped him as FDP Secretary General -- a position he held until Chancellor Merkel appointed him Development Minister in November 2009. As Secretary General, Niebel had called for the elimination of the ministry he would later head, the Ministry for Economic Cooperation and Development (BMZ). (NOTE: This option appears off the table for now. END NOTE) Niebel succeeds Heidemarie Wieczorek-Zeul of the Social Democratic Party (SPD), who headed BMZ for a record 11 years.

CONNECTED SECURITY

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¶13. (SBU) In a December 18 meeting with Ambassador Murphy, Niebel said he intended to "make some changes at BMZ." One such change is linking development policy more closely with foreign and security policy -- a concept he referred to as "connected security." Niebel told the Ambassador he planned to coordinate very closely with Foreign Minister Guido Westerwelle, and that he foresaw much greater cooperation between BMZ and the German military in northern Afghanistan. (NOTE: Days prior to the meeting with Ambassador Murphy, Niebel had announced BMZ would increase civilian assistance to Afghanistan by around 50 million euros, bringing Germany's 2009 total to over 260 million euros. END NOTE)

¶14. (SBU) In a separate meeting several months ago, Chancellery National Security Advisor Christoph Heusgen had told us that BMZ under a Black-Yellow coalition would be less wedded to "old" notions of doing development work. This assessment now appears to be accurate. Wieczorek-Zeul had ensured that German development staff worked and lived in separate compounds, away from provincial reconstruction teams (PRTs) and other bases from which the Ministry of Defense, Ministry of Foreign Affairs and Ministry of Interior operated. She even refused to ride in German military vehicles when she visited Afghanistan. This kind of separation seems likely to end under Niebel, both physically and substantively.

¶15. (SBU) Among other ideas Niebel brings to the table is a plan to partner with third country donors like Israel on projects in developing countries. Niebel told the Ambassador that Israel's expertise in border protection could be shared

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with African countries, for example. By teaming up with Germany, Israel could participate in certain capacity building projects where it might not otherwise have access.

LAISSEZ-FAIRE DEVELOPMENT

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¶16. (SBU) Shortly after becoming Minister, Niebel remarked that his overall development philosophy was helping recipient countries help themselves. He regards the successful conclusion of World Trade Organization's (WTO's) Doha Development Round as especially meaningful for developing countries. "There is more money being lost by trade barriers than all the development aid can make up for," he said. This perspective marks a noteworthy departure from the approach of Wieczorek-Zeul, dubbed "red Heide" for her affiliation with the Young Socialists years ago.

¶17. (SBU) Niebel also opposes a proposed tax on international financial transactions to fund development assistance. Both Chancellor Merkel and Wieczorek-Zeul had championed the so-called "Tobin tax." Citing "differences" within the government on the issue, Niebel has reportedly ended BMZ's participation in an international working group on the proposed tax.

¶18. (SBU) Niebel is keen to reorient BMZ's assistance. Reflecting on comments made publicly in his first days as Minister, Niebel told Ambassador Murphy that Germany planned to stop providing development assistance to China, currently one of the largest recipients of German aid. He added that China was "only a developing country when it came to climate change negotiations." BMZ will carry out its existing aid obligations to China only through next year. The decision has proved controversial, as BMZ's assistance to China had reportedly benefitted German companies doing business there.

TRAVEL PLANS

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¶9. (SBU) Niebel said he planned to spend the holidays in Israel. (NOTE: Niebel is a long-standing member of the German-Israeli Society. END NOTE) His first official travel to the developing world will be a late January trip to "Rwanda, eastern Congo, Mozambique, Afghanistan and Asia." The Ambassador suggested Niebel visit Washington to meet with new USAID Administrator Shah once confirmed. Niebel said he would coordinate dates for the visit with the Embassy.

COMMENT

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¶10. (SBU) Niebel takes charge of BMZ at a challenging time: Germany will run its largest post-war deficit in 2010, and pressure to rein in spending will strain every ministry. Niebel's close relationship with Westerwelle should be an asset, however, and could help minimize cuts on key priorities. The close relationship will also facilitate Niebel's vision of integrating development policy with foreign and security policy. Since taking over at BMZ, Niebel has increased assistance to Afghanistan, where Germany was already the third largest donor, and appears open to doing more in support of an integrated strategy in the north.

An early meeting between the new USAID Administrator, who oversees the world's largest aid budget, and the new German Development Minister, who oversees the world's second largest, could be an important step in building stronger U.S.-German cooperation on our top development priorities.

DELAWIE